

K T S & ASSOCIATES

CHARTERED ACCOUNTANTS

C-10, 1st Floor, Hari Nagar, New Delhi-110064

Tele. # 91 - 11- 25497623

AUDITORS' REPORT

TO THE SHAREHOLDERS OF KAMA REALTY (DELHI) LTD, NEW DELHI

We report that we have audited the attached Balance Sheet of KAMA REALTY(DELHI) LIMITED, New Delhi as at 31st March, 2012 and also the Profit & Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report)(Amendment) Order,2004, issued by the Company Law Board in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement of the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we state that:-

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far, as appears from our examination of such books;
- (iii) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account;
- (iv) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2012 from being appointed as directors in terms of clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and according to the best of our information and according to explanations given to us the said accounts read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - (b) In the case of Profit & Loss Account of the profit of the company for the period ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flow for the period ended on that date.

For KTS & Associates,

Regn. No.017573N

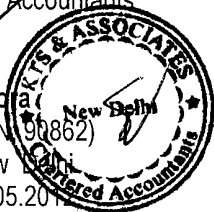
Chartered Accountants

Suresh Arora

Partner(M/N)

Place: New Delhi

Dated: 22.05.2012



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our report of even date to the members of
KAMA REALTY(DELHI) LIMITED)

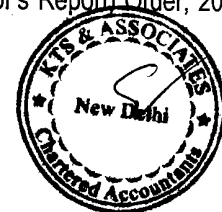
- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets of the company have been physically verified by the management during the year according to a phased program, which we consider reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) None of the fixed assets of the company have been disposed off during the year.
- ii. The company has not taken / granted any loans, secured or unsecured from / to Companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956.
- iii. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- iv. The company has not accepted deposits from the public within the meaning of section 58 – A and 58-AA of the Companies Act, 1956.
- v. In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the company.
- vii. (a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including income tax, sales tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31 March for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- viii. Since the company has no accumulated losses at the end of the year, therefore, the provisions of clause 4 (x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- ix. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank. Therefore, the provisions of clause 4 (xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- x. In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.



- xi. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xii. In our opinion and according to the information and explanations given to us, the company has maintained proper records regarding dealing or trading in shares, securities, debentures and other investments as per clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003. The company has made timely entries in such records and all such investments are held in company's own name.
- xiii. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion and according to the information and explanations given to us, the term loans obtained by the company have been applied for the purpose for which the same were obtained.
- xv. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the funds raised on short- term basis have not been used for long term investment.
- xvi. According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year.
- xvii. According to the information and explanations given to us, during the period covered by our audit, the company has not issued any debentures. Therefore, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xviii. According to the information and explanations given to us, during the period covered by our audit, the company has not raised any money by public issue. Therefore, the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xix. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For KTS & Associates,
Chartered Accountants


Suresh Arora
Partner
(M/N: 90862)
Place: New Delhi
Dated: 22.05.2012



KAMA REALTY (DELHI) LIMITED
BALANCE SHEET AS AT MARCH 31, 2012



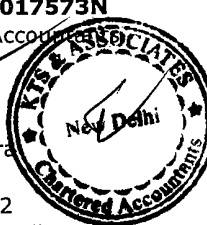
Particulars	Note No.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	600,200	600,200
Reserves and surplus	3	99,952,588	66,517,553
		100,552,788	67,117,753
Non-current liabilities			
Long-term borrowings	4	229,138,490	258,707,169
		229,138,490	258,707,169
Current liabilities			
Short-term borrowings	4	30,703,088	57,569,935
Other current liabilities	5	34,910,947	35,215,499
Short-term provisions	6	16,992,000	14,433,500
		82,606,035	107,218,934
TOTAL EQUITY AND LIABILITIES		412,297,313	433,043,856
ASSETS			
Non-current assets			
Fixed assets	7		
Tangible assets		249,486,861	253,978,539
		249,486,861	253,978,539
Current assets			
Current Investments	8	26,643,349	-
Cash and bank balances	9	28,127,475	397,826
Short-term loans and advances	10	82,100,000	157,463,032
Other current assets	11	25,939,628	21,204,459
		162,810,452	179,065,317
TOTAL ASSETS		412,297,313	433,043,856
Accounting Policies contained in Note 1 & Note 2 to 16 form part of financial statements	1		

As per our report of even date

For KTS & Associates

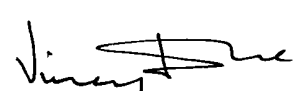
Regn. No. 017573N

Chartered Accountants



Suresh Arora
 Partner
 M.No. 90862
 Place: New Delhi

Date: 22.05.2012


Rajat Lakhanpal
 (Director)


Viney Kumar Dua
 (Director)

KAMA REALTY (DELHI) LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012



Particulars	Note No.	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
Revenue from Operations			
Rent received		64,170,000	62,970,000
Other Income			
Interest on loans given		14,690,581	47,455
Interest on Income tax refund		-	802,352
Dividend received		135,596	-
Profit on sale of Investments		7,753	-
TOTAL REVENUE		<u>79,003,930</u>	<u>63,819,807</u>
EXPENSES			
Employee benefits expenses	12	545,056	-
Finance costs	13	31,028,091	21,795,528
Other expenses	14	171,074	183,925
Depreciation and amortization expenses	15	4,498,777	4,306,443
TOTAL EXPENSES		<u>36,242,998</u>	<u>26,285,896</u>
Profit before tax		42,760,932	37,533,911
Tax expense			
Current tax		9,166,500	7,825,500
Deferred tax charge / (credit)		-	4,428,462
MAT credit reversal		152,911	770,921
Relating to earlier years		6,486	(4,998)
		<u>9,325,897</u>	<u>13,019,885</u>
Profit after tax		33,435,035	24,514,026
Earnings per share	16		
Basic (Rs.)		557.06	408.43
Diluted (Rs.)		557.06	408.43

Accounting Policies contained in Note 1 & Note 2 to 16 form part of financial statements

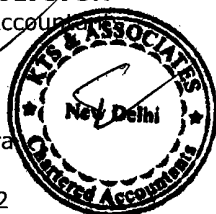
As per our report of even date

For KTS & Associates

Regn. No. 017573N

Chartered Accountants

Suresh Arora
 Partner
 M.No. 90862
 Place: New Delhi
 Date: 22.05.2012



Rajat Lakhanpal
 (Director)

Viney Kumar Dua
 (Director)



KAMA Realty (Delhi) Limited

1. Significant Accounting Policies & Notes to the financial statements for the year ended Mar 31, 2012

A. Accounting Policies:

- (i) Revenue items are recognized in accordance with the Accounting Standard (AS-9) issued by the Institute of Chartered Accountants of India.
- (ii) Fixed assets are shown at cost. All expenses including interest incurred upto the date of completion/possession are capitalized.
- (iii) Depreciation has been provided on fixed assets on Straight-line method in accordance with Schedule VI of the Companies Act, 1956.
- (iv) Long term quoted investments are valued at cost unless there is a permanent fall in their value as at the date of Balance Sheet.
- (v) Unquoted investments are valued at cost and no loss is recognized for the fall in their net worth, if any, unless there is a permanent fall in their value.
- (vi) Contingent liabilities, barring frivolous claims, not acknowledged as debts are disclosed by way of note.

B. Notes

- (i) The borrowings of the company are secured by first charge by way of an equitable mortgage by deposit of title deeds of the immovable property of the company situated at Gurgaon, Haryana and Corporate Guarantee executed by M/s KAMA Holdings Limited, holding company.
- (ii) Operating Lease:
The Company has entered into operating lease agreements with M/s SRF Limited for office premises owned by it in Gurgaon and Mumbai. In terms of Accounting Standard 19 (AS-19) on "Leases" issued by the Institute of Chartered Accountants of India, the arrangement is non-cancellable in nature for the respective tenure of the leases. The disclosures required by AS-19 are set out below:
 - a) The disclosures relating to gross carrying amount, the accumulated depreciation at the balance sheet date have been made in Note no. 7 titled "Fixed Assets" to the balance sheet. There has been no impairment and hence the question of reversal does not arise.
 - b) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:

Particulars	As at 31-Mar-12	As at 31-Mar-11
(i) not later than one year	64,410,000	64,170,000
(ii) later than one year and not later than five years@	259,466,400	258,660,000
(iii) later than five years @#	112,832,820	178,049,220
Lease Rent recognized in profit and loss account	64,170,000	62,970,000

@ Assuming rent for lease, if any, which is due for review during the aforesaid period, is fixed at the existing level.



Lease Rent considered upto the period of existing contract.

(iii) Related Party Transactions:

As per AS-18 issued by the Institute of Chartered Accountants of India, the related parties of the company and transactions with them as disclosed as under:

Enterprises that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the reporting enterprise	Associates
(a)	(b)
<ul style="list-style-type: none">▪ KAMA Holdings Limited (KHL)▪ Shri Educare Limited (SEL)	SRF Limited (SRF)

Nature of Transaction	(a)		(b)	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
Rent received: <ul style="list-style-type: none">▪ SRF	-	-	64,170,000	62,970,000
Loans given: <ul style="list-style-type: none">▪ KHL▪ SEL	- 100,350,000	157,463,032 -	- -	- -
Loan refund from: <ul style="list-style-type: none">▪ KHL▪ SEL	157,463,032 18,250,000	- -	- -	- -
Interest received: <ul style="list-style-type: none">▪ KHL▪ SEL	10,552,939 3,926,004	47,455 -	- -	- -
Reimbursement to: <ul style="list-style-type: none">▪ SRF	-	-	545,056	-

(iv) Previous year figures have been regrouped/rearranged to accord with the Revised Schedule VI.



2. Share Capital



a) Details of share capital

	As at 31-Mar-12 Rs.	As at 31-Mar-11 Rs.
AUTHORISED		
20,00,000 (Previous Year - 20,00,000) Equity shares of Rs. 10 each	20,000,000	20,000,000
	<u>20,000,000</u>	<u>20,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
60,020 (Previous Year - 60,020) Equity Shares of Rs. 10 each fully paid up*	600,200	600,200
	<u>600,200</u>	<u>600,200</u>

* Entire capital held by KAMA Holdings Limited, the Holding Company and its nominees.

b) Reconciliation of equity shares

	Number of shares	Value (Rs.)
As at April 1, 2010	50,000	500,000
Shares issued during the year pursuant to Scheme of Arrangement	10,020	100,200
Shares bought back during the year	-	-
As at March 31, 2011	<u>60,020</u>	<u>600,200</u>
Shares issued during the year	-	-
Shares bought back during the year	-	-
As at March 31, 2012	<u>60,020</u>	<u>600,200</u>

Equity shares have a nominal value of Rs. 10 each, carry one voting right per share and carry a right to dividends

c) Shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31-Mar-12 (No. of shares)	As at 31-Mar-11 (No. of shares)
KAMA Holdings Limited and its nominees	60,020	60,020

In the period of immediately preceding five years, the Company has:

- i) allotted 10,020 equity shares without payment being received in cash pursuant to Scheme of Arrangement; and
- ii) not allotted any bonus shares as fully paid up shares





3. Reserves and Surplus

	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
Capital redemption reserve	1,800	1,800
Surplus in statement of profit and loss	99,950,788	66,515,753
Total Reserves and Surplus	99,952,588	66,517,553

There is no change in the balances of Reserves as compared to Previous year.

i) Surplus

	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
As at the beginning of the year	66,515,753	(245,687)
Transferred from SRF Polymers Investments Limited pursuant to Scheme of Arrangement		42,247,414
Profit after tax	33,435,035	24,514,026
As at the end of the year	99,950,788	66,515,753





4. Borrowings

	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
LONG TERM BORROWINGS		
Secured		
Term loans from banks	<u>229,138,490</u>	<u>258,707,169</u>
	229,138,490	258,707,169
Total long term borrowings	<u>229,138,490</u>	<u>258,707,169</u>
SHORT TERM BORROWINGS		
Secured		
Term loans from banks*	<u>30,703,088</u>	<u>28,069,935</u>
	30,703,088	28,069,935
Unsecured		
Others	-	<u>29,500,000</u>
	-	29,500,000
Total short term borrowings	<u>30,703,088</u>	<u>57,569,935</u>
Total borrowings	<u>259,841,578</u>	<u>316,277,104</u>

*Payable in next 12 months on prevailing terms and conditions.





5. Other current liabilities

	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
Interest accrued but not due on borrowings	1,885,947	1,665,157
Security Deposit	33,000,000	33,000,000
Interest payable		472,808
Audit fee payable	25,000	25,000
TDS payables	<u>-</u>	<u>52,534</u>
	<u>34,910,947</u>	<u>35,215,499</u>





6. Short term provisions

	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
Provision for tax	16,992,000	14,433,500
	<u>16,992,000</u>	<u>14,433,500</u>



KAMA REALTY (DELHI) LIMITED

7 : FIXED ASSETS



Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2011 Rs.	Additions Rs.	Deductions Rs.	As at March 31, 2012 Rs.	Upto March 31, 2011 Rs.	For the year Rs.	additions Rs.	Upto March 31, 2012 Rs.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
Tangible assets										
Buildings	275,563,052	-	-	275,563,052	21,584,513	4,491,678	-	26,076,191	249,486,861	253,978,539
Total	275,563,052	-	-	275,563,052	21,584,513	4,491,678	-	26,076,191	249,486,861	253,978,539
Previous year	-	275,563,052	-	275,563,052	-	4,299,344	17,285,169	21,584,513	253,978,539	-



8. Current Investments



Long term investments are valued at cost unless there is a decline in value, other than temporary. Current investments are valued at lower of cost or market value.

Scrip	Par Value (Rs.)	As at 31-Mar-12		As at 31-Mar-11	
		Qty. (Nos.)	Amount (Rs.)	Qty. (Nos.)	Amount (Rs.)
Templeton India Ultra Short Bond Fund	10	2,608,464	26,643,349	-	-
			<u>26,643,349</u>		<u>-</u>

[Market value of Quoted Investments Rs 26,691,892 (previous year Rs Nil).]





9. Cash and bank balances

	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
Cash and cash equivalents		
Cash in hand	683	17,935
Balance with banks on Current accounts	28,126,792	379,891
Total cash and bank balances	<u>28,127,475</u>	<u>397,826</u>





10. Short-term loans and advances
(Unsecured considered good, unless otherwise stated)

	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
Loans and advances to related parties	82,100,000	157,463,032
Total short-term loans and advances	82,100,000	157,463,032

Loans and advances to related parties includes:

Name of the related party	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
KAMA Holdings Limited (Holding Company)	-	157,463,032
Shri Educare Limited	82,100,000	-
Total loans and advances to related parties	82,100,000	157,463,032



11. Other current assets



	As at 31-Mar-12 (Rs.)	As at 31-Mar-11 (Rs.)
Unamortised expenditure	15,973	23,072
Other current assets	465,201	481,883
Interest receivable from KAMA Holdings Limited	-	42,709
Interest receivable from Shri Educare Limited	3,533,403	-
MAT credit available	4,908,410	5,061,321
Income tax recoverable	17,016,641	15,595,474
Total other current assets	<u>25,939,628</u>	<u>21,204,459</u>





12. Employee benefits expenses

	Year ended 31-Mar-12 (Rs.)	Year ended 31-Mar-11 (Rs.)
Salaries and wages	520,188	-
Contribution to provident and other funds	24,868	-
	<u>545,056</u>	<u>-</u>





13. Finance Costs

	Year ended 31-Mar-12 (Rs.)	Year ended 31-Mar-11 (Rs.)
Interest expenses		
▪ On loans	31,028,091	21,795,528
	31,028,091	21,795,528



14. Other expenses



	Year ended 31-Mar-12 (Rs.)	Year ended 31-Mar-11 (Rs.)
Insurance	108,222	80,696
Rates and taxes	15,662	515
Auditors' Remuneration		
- Audit Fees	25,000	25,000
- Reimbursement of expenses	3,000	-
Miscellaneous expenses	19,190	77,714
	<u>171,074</u>	<u>183,925</u>



15. Depreciation and amortization expenses



	Year ended 31-Mar-12 (Rs.)	Year ended 31-Mar-11 (Rs.)
Depreciation on tangible assets	4,491,678	4,299,344
Preliminary expenses written off	5,670	5,670
Preoperative expenses written off	1,429	1,429
Net Depreciation and amortization expenses	4,498,777	4,306,443



16. Earnings Per Share

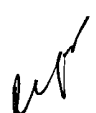


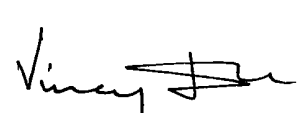
	Year ended 31-Mar-12 (Rs.)	Year ended 31-Mar-11 (Rs.)
Profit after tax	33,435,035	24,514,026
Weighted average number of equity shares outstanding	60,020	60,020
Basic and diluted earnings per share in rupees (face value- Rs. 10 per share)	557.06	408.43






		Amount (Rs.)	
		Year Ended 31.03.2012	Year Ended 31.03.2011
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit before tax	42,760,932	37,533,911
	Adjustments for entries pursuant to Scheme of Arrangement:		
	Income transferred under the Scheme	-	(61,372,352)
	Expenses transferred under the Scheme	-	18,486,628
	Adjusted Net Profit before tax	42,760,932	(5,351,813)
	Adjustments for		
	Interest & Finance Charges	31,028,091	3,401,340
	Depreciation	4,491,678	4,299,344
	Profit on sale of Investments	(7,753)	-
	Operating Profit before working capital changes	78,272,948	2,348,871
	Adjustments for		
	Trade and Other Receivables	70,620,764	38,554,195
	Trade Payables and Provisions	2,253,948	(23,712,651)
	Deferred Revenue Expenditure	7,099	7,099
	Cash Generated from operations before tax	151,154,759	17,197,514
	Interest & Finance Charges	(31,028,091)	(3,401,340)
	Taxation	(9,325,897)	(7,825,500)
	Net Cash from operating activities (A)	110,800,771	5,970,674
B	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets	-	(35,301,990)
	Purchase of Investments	(37,635,596)	-
	Sale of Investments	11,000,000	-
	Net Cash from Investment Activities (B)	(26,635,596)	(35,301,990)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds (Repayment) of long term borrowings	(26,935,526)	-
	Proceeds (Repayment) of Short term borrowings	(29,500,000)	29,500,000
	Net cash used in/ from financing activities (C)	(56,435,526)	29,500,000
	Net increase in Cash and Cash Equivalents D=(A+B+C)	27,729,649	168,684
	Cash & Cash equivalents at the beginning of the year (E)	397,826	229,142
	Cash & Cash equivalents at the close of the year F =(D+E)	28,127,475	397,826

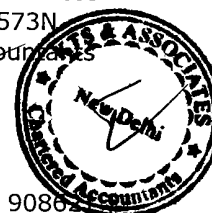

Rajat Lakhanpal
(Director)


Viney Kumar Dua
(Director)

We have certified the above cash flow statement of KAMA Realty (Delhi) Limited derived from the audited financial statements for the year ended March 31, 2012 and other records and found the same to be drawn in accordance there with and also with the requirements of clause 32 of the listing agreements with the Stock Exchange.

For **KTS & Associates**
Regn. No. 017573N
Chartered Accountants


Suresh Arora
Partner (M.No. 9086)



Place: New Delhi
Date: 22.05.2012